

CORRES. CONTROL
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00461 RF 01

DUE DATE

ACTION

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2001 JUL 11 A 10:37 Department of Energy

CORRESPONDENCE
CONTROLROCKY FLATS FIELD OFFICE
10808 HIGHWAY 93, UNIT A
GOLDEN, COLORADO 80403-8200

JUL 02 2001

01-DOE-01260

DIST.	LTR	ENC
BOGENBERGER, V.		
BOGNAR, E.	X	X
BRAILS FORD, M.D.		
BURNS, T.F.		
DECK, C.A.	X	X
DIETERLE, S.E.		
FERRERA, D.W.		
FERRI, M.S.		
FRASER, R.G.		
FULTON, J.C.		
GERMAIN, A.L.		
GIACOMINI, J.		
ISOM, J.H.		
LEONARD, R.C.		
MARTINEZ, L.A.	X	X
MOTES, J.L.		
NORTH, K.		
PARKER, A.M.	X	X
POWERS, K.P.		
RAAZ, R.D.		
RODGERS, A.D.		
SANDLIN, N.B.	X	X
SCOTT, G.K.	X	X
SHELTON, D.C.	X	X
SPEARS, M.		
TRICE, K.D.		
TUOR, N.R.		
VOORHEIS, G.M.		
BROOKS, L.	X	X

COR. CONTROL X X
ADMIN RECORD X X
PATS/130Reviewed for Addressee
Corres. Control RFP7/11/01 By *lg*

Ref Ltr. #

DOE ORDER #

NONE

Mr. Steve Gunderson
Rocky Flats Cleanup Agreement Project Coordinator
Colorado Department of Public Health and Environment
4300 Cherry Creek Drive South
Denver, Colorado 80246-1530

Mr. Timothy Rehder
Rocky Flats Team Lead
U. S. Environmental Protection Agency, Region VIII
999 18th Street, Suite 500
Denver, Colorado 80202-2466

Dear Mr. Gunderson and Mr. Rehder:

As agreed to in our conference call of May 17, 2001, we are notifying you of a contractual change action involving waste shipments we intend to institute that relates to the Rocky Flats Cleanup Agreement (RFCA) earned value (EV) milestones. As discussed, these changes should have no material effect on the established waste shipment milestone values themselves.

Briefly, the methodology used to calculate the EV for low-level, low-level mixed (LLM), and transuranic/transuranic mixed waste shipments will change. As you know, the current method under the contract for calculating EV is based on 100 percent of the activity being completed prior to any EV being credited. This has created the unfortunate situation whereby, while we have achieved significant progress in waste shipping, little or no EV credit has accumulated towards fee or RFCA milestones. The change we will be instituting modifies this methodology by using a pro-rata share based on the total volumes shipped as the basis for calculating total EV for fee and RFCA milestone purposes. This means that EV credit would progressively accumulate with each volume shipped. The cumulative amount of EV for waste shipments would not change from what is currently scheduled.

The contractual change is explained in more detail in the enclosed table. The table explains the basics of the change in methodology. Essentially, the unit EV for waste shipments will be calculated by dividing the EV assigned to the individual waste streams by the volume shipped to arrive at the current EV applied to the RFCA milestone EV target amount. Mr. Rehder identified some LLM waste activities with inordinately high unit EVs. The EVs associated with these LLM waste streams were miscalculated when the contractor was developing their revised EV list to address accelerating the 2006 baseline plan. It is important to note that at the same time this calculation error occurred, original estimates for other waste shipment EV activities were reduced by 20 percent. While the Department of Energy and Kaiser-Hill Company, L.L.C.



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Mr. Steve Gunderson
Mr. Timothy Rehder

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recognize this calculation error, we do not believe it is significant because there are several other waste streams where the unit EVs have been reduced sufficiently to offset the higher estimates.

If you have any questions concerning this notice, please contact me at (303) 966-5918 or Glenn Doyle at (303) 966-3087.

Sincerely,



Joseph A. Legare
Assistant Manager
for Environment and Infrastructure

Enclosure

cc w/Enc:

G. Doyle, AMEI, RFFO
G. Hill, AI, RFFO
R. DiSalvo, OCC, RFFO
C. Dan, CMD, RFFO
D. Shelton, K-H
L. Brooks, K-H
CERCLA Administrative Record
Contract Record

WASTE SHIPPING EARNED VALUE AND EARNED VALUE MILESTONES

Background: Provisional payments to KH can be achieved through completion of pre-determined work activities. Each activity has an associated earned value (previously negotiated by KH and DOE) associated with completion of that activity. The contractor will claim credit for completion of a pre-determined work activity once it is 100% complete (and completion of the activity will be validated by the DOE). Completion of these activities (earned value work sets) are considered by DOE in development of quarterly provisional fee payments. The pre-determined work activities for FY01 for TRU and LL/LLM waste are summarized below and are defined in terms of the associated forecasted waste generation activities. RFCA milestones have been established as a percent completion of the earned value identified for FY01.

Issue: KH has proposed to RFFO to change the accounting system for waste shipment earned value such that earned value is a straight-line function of volume shipped. Under this proposal the low level/low level mixed and TRU waste will continue to be accounted for separately. The total individual and cumulative volumes associated with achieving the RFCA milestones for the FY will not change as a result of this proposed BCP and are approximately the volumes identified in the row labeled "FY01 RFCA Milestone".¹

Under the proposed BCP KH will continue to track waste by type of waste or point of generation. But they will not wait until 100% of a "waste stream" is complete to take EV credit. Each cubic meter will give them a small percentage of EV credit. This is important from an EV calculation point of view because different waste types have different unit EV amounts. For example B771 LL D&D waste = \$548.84/m³, B776 LLM D&D Waste = \$211,282/m³

FY01 EARNED VALUE MATRIX FOR SHIPMENT OF LOW LEVEL AND TRU WASTE

PBD	CAD	Description	EV (\$)	LL/LLM Waste (m ³)	TRU Waste (m ³)
F	1FBCB48001	Ship 263 M3 LLW B771 D&D Waste FY00	153812	263	0
F	1FBCB50001	Ship 382 M3 LLW B776 D&D Waste FY00	228318	382	0
F	1FBCB51001	Ship 183 M3 LLW B777 D&D Waste FY00	110007	183	0
F	1FBCB57001	Ship 1588 M3 Routine Ops LLW Gen FY00	937238	1588	0
F	1FBCC38001	Ship 4 M3 of B776 D&D LLMW FY00	845128	4	0
F	1FBCC39001	Ship 2 M3 of B777 D&D LLMW FY00	421997	2	0
F	1FBCC45001	Ship 132.2 LLM m3 Routine Ops Waste FY00	287722	132.2	0
F	1FBCC78001	Ship 138.9 m3 Legacy & Non-Legacy LLM FY	207876	138.9	0
F	1FB CDLA055	Ship TRU Waste - Comb/Plastic Debris - 777.74m ³	387414	0	777.74
F	1FB CDLC055	Ship TRU Waste - Metal Debris - Leg 809.58m ³	382062	0	809.58
F	1FB CDLD055	Ship TRU Waste - Glass Debris - Legacy 139.04m ³	387414	0	139.04
		Waste Volume Total (m ³)		2693	1726
		FY01 RFCA Milestone (m ³)		1347	863
		FY01 Shipped to date (m ³)		7464	583

¹ volumes identified are approximate due to some minor rounding error

5/15/01